



GOVERNMENT OF HARYANA

**ECONOMIC AND FUNCTIONAL CLASSIFICATION
OF BUDGETS OF
MUNICIPAL COMMITTEES/COUNCILS/CORPORATIONS
IN HARYANA
2015-16**

**ISSUED BY:
DEPARTMENT OF ECONOMIC AND STATISTICAL ANALYSIS
HARYANA**

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PREFACE

Economic and Functional Classification of the Budgets of Municipal Committees/Councils/Corporations in Haryana is an attempt to recast the state Municipal transactions in order to assess the economic and functional significance of these transactions. Economic Classification groups together the items of receipts and expenditure by their economic characters such as consumption expenditure, capital formation, transfer payments etc. whereas the Functional Classification groups them according to the particular purpose of function they perform such as education, medical & public health, economic services etc. It indicates the relative changes in the income and expenditure of Municipal Committees/Councils/Corporations in the state during a year as compared to previous year.

The Department of Economic and Statistical Analysis, Haryana has been doing Economic and Functional Classification of the Budgets of Municipal Committees/Councils/Corporations in accordance with the guidelines of the Central Statistical Office (CSO), Govt. of India since 1966-67 and publishes the report periodically.

I take this opportunity to thank the CSO for providing valuable guidance. Efforts made by the District Statistical Offices for collection of data from Municipal Committees/Councils/Corporations are thankfully acknowledged. The cooperation extended by various Municipal Committees/Councils/Corporations for providing required data is also highly appreciated and acknowledged.

The concerted efforts made by Dr. M.S. Luhach, Research Officer, Sh. Sandeep Grewal, Research Officer and other team members namely, Sh. Rajesh Duhan, Field Assistant and Sh. Mahesh Kumar, J.S.S under the supervision of Sh. Randhir Singh Kamboj, Deputy Director and overall guidance of Dr. Rajvir Bhardwaj, Addl. Director in bringing out this report are also acknowledged.

I hope this report will provide useful information for administrators, planners and research scholars interested in the study of Municipal Committees/Councils/Corporations Budgets of the Haryana.

Panchkula
Dated: 25 July, 2018

Dr. R.S.Malhan
Director
Deptt. of Economic & Statistical Analysis
Haryana

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CHAPTER-I

INTRODUCTION

The budget of a Municipal Committee/Council/Corporation presents detailed information about its revenue & expenditure and other financial transactions during the financial year in terms of various departments and purposes but it does not clearly explain the economic significance of various items of revenue and expenditure as these items are not recorded separately therein. Therefore, from the study of budget document (G-1 Form), as they are, it is not possible to have a clear idea of consumption expenditure, capital formation, current receipts etc. of a Municipal Committee/Council/Corporation. The accounts shown in the budget are, therefore, required to be re-classified and re-grouped into meaningful economic categories for understanding the real economic impact of the budgetary transactions of a Municipal Committee/Council/Corporation.

Thus, in the present report, viz., **“Economic and Functional Classification of the Budgets of Municipal Committees/Councils/Corporations-2015-16”** an attempt has been made to bring together the details of significant heads under various accounts.

Besides, the items of revenue and expenditure of Municipal Committees/Councils/Corporations have also been re-classified and re-grouped according to particular purpose of function they perform such as education, medical and public health, economic services etc. The two types of classification are integrated into Economic-cum-Functional Classification and Services are split horizontally into economic categories and vertically into functional categories.

The present study covers the budgets of 10 Municipal Corporations, 18 Municipal Councils and 51 Municipal Committees that existed in Haryana as on March, 2016.

CHAPTER-II

THE SET OF ACCOUNTS

The following five accounts containing the re-classified data of all the Municipal Committees/Councils/Corporations in the State for the years 2013-14, 2014-15 and 2015-16 are presented in this chapter:-

- Account-I** Transactions in Commodities and Services and Transfers:
Current Account of Administrative Departments of
Municipal Committees/Councils/Corporations.
- Account-II** Transactions in Commodities and Services and Transfers:
Current Account of Departmental Commercial Undertakings of
Municipal Committees/Councils/Corporations.
- Account-III** Transactions in Commodities and Services and Transfers:
Capital Account of Administrative Departments and Departmental
Commercial Undertakings of Municipal Committees/Councils/
Corporations.
- Account-IV** Changes in Financial Assets and Liabilities:
Capital Account of Municipal Committees/Councils/Corporations.
- Account-V** Cash and Capital Reconciliation Account of Municipal
Committees/Councils/Corporations.

ACCOUNT-I
Transactions in Commodities and Services and Transfers:
Current Account of Administrative Departments of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)

Sr. No.	Expenditure	2013-14	2014-15	2015-16	Sr. No.	Revenue	2013-14	2014-15	2015-16
1	2	3	4	5	6	7	8	9	10
1	Consumption Expenditure	75580	71237	78221	1	Tax Revenue@	72599	35942	65551
1.1	Wages & Salaries	51465	55190	61658	1.1	Taxes on Income	262	355	893
1.2	Net Purchase of Commodities & Services(a+b-c)	24115	16047	16563	(a)	Profession or Trade Tax	196	307	793
(a)	Purchase of Commodities	9960	13477	10118	(b)	Servant Tax	66	48	100
(b)	Repairs and Maintenance	22110	5455	9913	1.2	Taxes on Commodities & Services	19217	9143	6773
(c)	Less Sale of Commodities	7955	2885	3468	(a)	Octroi	-	-	-
2	Transfer Payments	1150	1270	1263	(b)	Water Tax	-	-	-
2.1	Interest	1150	1212	1263	(c)	Terminal Tax	11575	3080	1316
2.2	Grants	-	58	-	(d)	Taxes on Vehicles	1245	1438	1281
2.3	Other Current Transfers	-	-	-	(e)	Taxes on Animals (Including Fee for Registration of Dogs)	132	205	38
3	Savings on Current Account	74916	59832	101254	(f)	Fee for Vehicle Licenses	543	577	607
					(g)	License Fee for Job Porters	1102	716	985
					(h)	Dangerous & Offensive Trade, License Fees and for Letting off Fire Works	1339	1101	263

Continued.....

Sr. No.	Expenditure	2013-14	2014-15	2015-16	Sr. No.	Revenue	2013-14	2014-15	2015-16
1	2	3	4	5	6	7	8	9	10
					(i)	Tolls on Vehicles & Animals	287	106	220
					(j)	Local Rate	467	614	611
					(k)	Income from Public Safety and Convenience	2527	1306	1452
					1.3	Taxes on Properties & Capital Transactions	53120	26444	57885
					(a)	Taxes on Buildings and Land	33990	11685	49681
					(b)	Income from Municipal Properties	19130	14759	8204
					2	Administrative Receipts	169	526	460
					3	Revenue Grants and Contributions	32847	73976	69435
					4	Other Income from	31713	3461	7768
					(a)	Profit Transferred from Departmental Commercial Undertaking (Account II)	7473	(-)2888	(-)2078
					(b)	Income from Investment	2525	2113	323
					(c)	Interest Receipts	7397	4236	9523
					5	Miscellaneous Receipts	14318	18434	37524
	Total	151646	132339	180738		Total	151646	132339	180738

ACCOUNT-II

Transactions in Commodities and Services and Transfers: Current Account of Departmental Commercial Undertakings of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)

Sr. No.	Expenditure	2013-14	2014-15	2015-16	Sr. No.	Revenue	2013-14	2014-15	2015-16
1	2	4	5	3	6	7	9	10	8
1	Wages and Salaries	1588	3964	1957	1	Gross Sale Proceeds	10294	1819	2261
2	Commodities & Services	104	558	478	(a)	Electricity	-	-	-
3	Repairs & Maintenance	208	182	1279	(b)	Transport	-	-	-
4	Interest (Water Supply)	921	3	625	(c)	Water Supply	10294	1819	2261
5	Profit Transferred to Current Account	7473	(-)2888	(-)2078					
	Total	10294	1819	2261		Total	10294	1819	2261

ACCOUNT-III
Transactions in Commodities and Services and Transfers:
Capital Account of Administrative Departments and Departmental Commercial Undertakings of
Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)

Sr. No.	Disbursement	2013-14	2014-15	2015-16	Sr. No.	Revenue	2013-14	2014-15	2015-16
1	2	3	4	5	6	7	9	10	
1	Capital Formation (A+B)	48219	49818	51709	1	Savings on Current Account	74916	59832	101254
	A. Administrative Departments	43971	49046	46920	2	Capital Transfers	11418	12754	25809
	1.1 Buildings & Other Construction	43557	45955	46211	2.1	Capital Grants	5835	10902	22433
	1.2 Machinery & Equipment Contributions & Recoveries	414	3091	709	2.2	Suspense Account	5583	1852	3376
	B Departmental Commercial Undertakings	4248	772	4789					
	1.1 Buildings and Other Construction (Water Supply)	4248	769	4549					
	1.2 Machinery and Equipment	-	3	240					
2	Increase in Inventories (Suspense Account)	23731	17378	15140					
3	Capital Transfers	-	-	-					
4	Balance: Surplus/Deficit on all Transactions in Commodities and Transfers	14384	5390	60214					
	Total	86334	72586	127063		Total	86334	72586	127063

ACCOUNT-IV

Changes in Financial Assets and Liabilities: Capital Account of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)

Sr. No.	Outgoing	2013-14	2014-15	2015-16	Sr. No.	Incoming	2013-14	2014-15	2015-16
1	2	3	4	5	6	7	8	9	10
1	Repayment of Loan and Advances	116	1220	589	1	Loans and Advances	942	9393	11158
2	Unearmarked Investment	353	428	1064					
3	Balance : Deficit in Financial Assets and Liabilities	473	7745	9505					
	Total	942	9393	11158		Total	942	9393	11158

ACCOUNT-V

Cash and Capital Reconciliation Account of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)

Sr. No.	Outgoing	2013-14	2014-15	2015-16	Sr. No.	Incoming	2013-14	2014-15	2015-16
1	2	3	4	5	6	7		9	10
1	Increase in Cash Balance	14857	13135	71519	1	Surplus in all Transactions in Commodities & Services and Transfer (Balancing Item 4 of Account-III)	14384	5390	62014
					2	Net Increase in Financial Assets/Liabilities (Balancing Item3 of Account-IV)	473	7745	9505
	Total	14857	13135	71519		Total	14857	13135	71519

CHAPTER-III

MAIN FINDINGS

The main findings emerging from the economic classification of municipal budgets are depicted below:-

Total Expenditure as per Economic Classification:

The total expenditure of the Municipal Committees/Councils/Corporations in Haryana excluding operating expenses of Departmental Commercial Undertakings was ₹ 147986 lakh during 2015-16 as compared to ₹ 141351 lakh during 2014-15 and ₹ 1,49,149 lakh during 2013-14 registering an increase of 4.69 percent in 2015-16 over 2014-15 and an decrease of 5.23 percent in 2014-15 over 2013-14. The Municipal Committees/Councils/Corporations incurred expenditure mainly on wages and salaries of Municipal staff, construction of roads, pavement and maintenance of streets and drainage works. The allocation expenditure is given in table-3.1.

Table 3.1: Expenditure by Municipal Committees/Councils/Corporations in Haryana

		(₹ Lakh)		
Sr. No.	Item	2013-14 (Accounts)	2014-15 (Accounts)	2015-16 (Accounts)
1.	Final Outlays	147530 (98.91)	138433 (97.93)	145070 (98.03)
a)	Consumption Expenditure (Vide item- 1 of Account-I)	75580 (50.67)	71237 (50.40)	78221 (52.86)
b)	Capital Formation (Vide item-1 of Account-III)	48219 (32.33)	49818 (35.24)	51709 (34.94)
c)	Suspense Account (vide item-2 of Account-III)	23731 (15.91)	17378 (12.29)	15140 (10.23)
2.	Transfer Payments to the rest of the Economy	1150 (0.77)	1270 (0.90)	1263 (0.84)
a)	Current Transfer (Vide item-2 of Account No. 1)	1150 (0.77)	1270 (0.90)	1263 (0.85)
b)	Capital Transfer (Vide item -3 of Account No. III)	- -	- -	- -
3.	Financial Investment and Loans to the rest of the Economy (Vide item 1 & 2 of Account-IV)	469 (0.32)	1648 (1.17)	1653 (1.12)
*Total Exp. (as per Economic Classification)		149149 (100.00)	141351 (100.00)	147986 (100.00)

* Expenditure is exclusive of operating expenses of Departmental Commercial Undertakings.

3.1 (a) Final Outlays

Final outlays represent direct demand for consumption expenditure, capital formation etc. of the Municipal Committees/Councils/Corporations. Final outlays constitute the major expenditure i.e. 98.03 percent in 2015-16 as against 97.93 percent in 2014-15 and 98.91 percent in 2013-14. Out of the final outlay, an amount of ₹ 78221 lakh (52.86%) during 2015-16, incurred constituted consumption expenditure against ₹ 71237 lakh (50.40%) during 2014-15 and ₹ 75,580 lakh (50.67) during 2013-2014.

3.1 (b) Capital Formation

The expenditure incurred on capital formation during 2015-16 formed 34.94 of the total expenditure as against 35.24 during 2014-15 and 32.33 during 2013-14. Capital formation was to the tune of ₹ 51709 lakh in 2015-16 as compared ₹ 49818 lakh in 2014-15 showing an increase of 3.80 percent in 2015-16 over 2014-15 and increased by 3.32 percent in 2014-15 over 2013-14.

3.1 (2 & 3) Transfer Payments, Financial Investments and Loans

The expenditure of ₹ 2916 lakh forming 1.97 percent of the total expenditure in 2015-16 represents transfer payments on current and capital accounts, financial investment and loans and advances to the rest of the economy. The corresponding figure for 2014-15 was ₹ 2918 lakh (2.07%) and for 2013-14 was ₹ 1,619 lakh (1.09 percent).

3.2 Financial Assistance for Capital Formation

In addition to the capital formation directly undertaken, the assistance was also provided to the rest of the economy for capital formation. The details of amount spent for this purpose for the years under review are given in table-3.2.

Table 3.2: Financial Assistance by Municipal Committees/ Councils/Corporations for Capital Formation in Haryana

(₹ Lakh)				
Sr. No.	Item	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Loans for Capital Formation		-	-
2.	Unearmarked Investments (Vide item 2 of Account –IV)	353	428	1064
	Total Financial Assistance for Capital Formation	353	428	1064

3.3 Capital Formation Out of Budgetary Resources

The details of investment for capital formation by Municipal Committees/Councils/Corporations out of budgetary resources are indicated in table-3.3.

Table 3.3: Capital Formation Out of Budgetary Resources of the Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)				
Sr. No.	Item	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Capital Formation by the Municipal Committee/ Councils/ Corporations (Vide item 1 of Account-III)	48219	49818	78221
2.	Finance Investment /Under marked Investment for capital formation to the rest of economy (Vide item 2 of Account –IV)	353	428	1064
	Total Capital formation out of the Budgetary Resources of Municipal Committee/Councils/ Corporation	48572	50246	79285

The above table depicts that the total outlay provided for capital formation by Municipal Committees/Councils/Corporations out of their budgetary resources was ₹ 48,572 lakh in 2013-14, ₹ 50246 lakh in 2014-15 and ₹ 79285 lakh in 2015-16 showing an increase by 57.79 percent in 2015-16 over 2014-15 and increase of 3.43 percent in 2014-15 over 2013-14. The percentage of total outlay for capital formation to the total expenditure during the years during 2015-16, 2014-15, and 2013-14 was 53.58, 35.55 and 32.57 respectively.

3.4 Current Receipts

In assessing the economic implications of municipal expenditure, it is necessary to examine the resources from which they are financed. The Municipal Committees/Councils/Corporations derive income mainly from taxes on buildings and land and their properties. The state Govt. also gives grants and loans to Municipal Committees/Councils/Corporations for developmental works and for salary of the Municipal staff. For proper assessment of economic implications of municipal expenditure, their sources of income have been grouped under significant economic heads in table-3.4.

Table 3.4: Current Receipts of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)				
Sr. No.	Item	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Tax Revenue (vide item 1 of Account-I)	72599 (47.88)	35942 (27.15)	65551 (36.27)
2.	Other Income (Vide item 4 of Account-I)	31713 (20.91)	3461 (2.62)	7768 (4.30)
3.	Miscellaneous Receipts (Vide item 5 of Account-I)	14318 (9.44)	18434 (13.93)	37524 (2076)
4.	Revenue Grants and Contributions (Vide item 3 of Account-I)	32847 (21.66)	73976 (55.90)	69435 (38.42)
5.	Administrative Receipts (Vide item 2 of Account-I)	169 (0.11)	526 (0.40)	460 (025)
	Total*	151646 (100.00)	132339 (100.00)	180738 (100.00)

* Excluding receipts from Departmental Commercial Undertakings.

The total current revenue of Municipal Committees/Councils/Corporations in the state was ₹ 180738 lakh in 2015-16 as against ₹ 132339 lakh in 2014-15 and ₹ 151646 lakh during 2013-14. The revenue increased by 36.57 percent during 2015-16 over 2014-15 where as it decreased 12.73 percent during 2014-15 over 2013-14. Out of total revenue of ₹ 180738 lakh in 2015-16, ₹ 65551 lakh (36.27 percent) was from tax revenue. The corresponding percentages for 2014-15 and 2013-14 were 27.15 and 47.88 respectively.

3.5 Current Outgoing

The current outgoing which consists of consumption expenditure and transfer payments were ₹ 76730 lakh during 2013-14, ₹ 72507 lakh during 2014-15 and ₹ 79484 lakh during 2015-16. This shows an decrease of 5.50 percent during 2014-15 over 2013-14 while an increase of 9.62 percent during 2015-16 over 2014-15. Consumption expenditure constitutes the major portion of the current outgoing. Its contribution to total current outgoing were 98.50 percent and 98.25 percent and 98.41 percent during 2013-14, 2014-15 and 2015-16 respectively whereas the contribution of transfer payments total current outgoing during the same periods were only, 1.50 percent 1.75 percent and 1.59 percent respectively. The details are given in the following table-3.5.

Table 3.5: Current Outgoing of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)				
Sr. No.	Item	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Consumption Expenditure (Vide item 1 of Account –1)	75580 (98.50)	71237 (98.25)	78221 (98.41)
2.	Transfer Payments (Vide item 2 of Account-1)	1150 (1.50)	1270 (1.75)	1263 (1.59)
	Total Current Outgoing*	76730 (100.00)	72507 (100.00)	79484 (100.00)

*Current outgoing excludes operating expenses of Departmental Commercial Undertakings.

3.6 Gross Savings

Gross savings comprise savings of the Municipal administration i.e. the surplus of municipal current receipts over municipal current expenditure.

3.6(a) Income Surplus/Deficit

The income surplus/deficit of Municipal Committees/Councils/ Corporations is measured by the excess of investment over net saving and is shown in table-3.6(a).

Table 3.6(a): Income Surplus/Deficit of the Municipal Committees/Councils/ Corporations in Haryana

(₹ Lakh)				
Sr. No.	Item	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Savings by the Municipal Committees/ Councils/Corporations (Vide item 3 of Account-1)	74916	59832	101517
2.	Investment/Capital Formation by the Municipal Committees/ Councils/Corporations (Vide item 1 of Account-III)	48219	49818	51709
	Income Surplus/Deficit of the Municipal Committees/ Councils/Corporations (1-2)	26697	10014	49808

3.6(b) Other Surplus/Deficit

The other surplus/deficit on income account as indicated in the balancing items of account-III and IV forms the overall surplus/deficit which denotes the total requirements of finance over and above the savings affected by the Municipal

Committees/Councils/Corporations. The overall financial position of Municipal Committees/Councils/Corporations are given in table-3.6(b).

Table 3.6(b): Total Requirement of Finance for the Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)				
Sr.No.	Item	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Surplus on all Transactions on Commodities and Services and Transfer (Vide balancing item No.4 of Account -III)	14384	5390	60214
2.	Net Increase in Financial Assets (Vide balancing item No.3 of Account-1V)	473	7745	9505
	Surplus/Deficit Denoting Total Requirements of Finance (1+2)	14857	13135	69719

3.7 Net Profit of Departmental Commercial Undertakings

The net profit of Departmental Commercial Undertakings i.e. the excess of gross receipts over operating expenses exhibits the financial result of the working of these undertakings. This is taken as profit and taken to current account of Municipal Committees/Councils/Corporations and add to their savings. The derivations of the net profit are shown below in table-3.7.

Table 3.7: Net Profit of Departmental Commercial Undertakings of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)				
Sr. No.	Item	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Gross Receipts (Vide item 1 of Account-II)	10294	1819	2261
2.	Operating Expenses (Vide item 1, 2, 3 and 4 of Account-II)	2821	4707	4339
	Net Profit (1-2)	7473	(-)2888	(-)2078

HAPTER-IV

NOTES ON THE ACCOUNTS, THEIR DERIVATION AND RATIONALE

Account I: Transactions in Commodities and Services and Transfers: Current Account of Municipal Committees/Councils/Corporations

This account deals with the current revenue and expenditure of all the Municipal Committees/Councils/Corporations in the State. All departments other than those listed under Account-II in the chapter are considered as administrative for the purpose of this classification. The current expenditure of administrative departments consist of the final outlays of Municipal Committees/Councils/Corporations on current account which represents consumption. The final outlays are made up of purchases of commodities and services and wages and salaries payments. Besides final outlays, Municipal Committees/Councils/Corporations make transfer payments, i.e. grants, scholarships, prizes etc. to the rest of the economy which add indirectly to the disposable income of the community. To meet the current expenditure, Municipal Committees/Councils/Corporations appropriate a part of the income of the community through a variety of taxes, miscellaneous receipts accruing during the course of administration. In addition, Municipal Committees/Councils/Corporations have an investment income from property and entrepreneurship. The Municipal Committees/Councils/Corporations also receive revenue grants, contributions and recoveries from the State Government and others. The excess of the current receipts over current expenditure denote the savings of the Municipal Committees/Councils/Corporations is available for capital formation. Some of the items included in this Account are explained as below:-

Item No. 1.1 Wages and Salaries:- This item including pay of the establishments (other than traveling and daily allowances) other allowances and honorarium and 50 percent of the expenditure incurred on un-classified miscellaneous heads. Wages and Salaries also include contributions to provident funds.

Item No. 1.2 Commodities and Services:- This item includes all expenditure under contingency, office supplies, fuel and light, expenditure on repairs and maintenance, printing, traveling and daily allowances, telephone and telegraph charges, taxes and rent of

hired buildings, machinery and equipment, 50 per cent lump-sum miscellaneous unclassified charges and other items for current operation.

Item No. 2 Transfer Payments:- Transfer payments include grants, scholarships, stipends, prizes and awards etc.

Item No. 3 Savings on Current Account:- The balancing item on the Current Account of the Municipal Committees/Councils/Corporations represent the saving of this sector, i.e. surplus of current receipts over current expenditure.

Item No. 4 Tax Revenue:- This is classified into taxes on income, taxes on commodities and services and taxes on properties and capital transactions. Taxes on income include tax on profession or trade. Taxes on commodities and services consist of octroi, terminal tax, water tax, taxes on vehicles and animals and income under the head of public safety and convenience which include lighting, fire, fee for services of fire brigade etc. Taxes on properties and capital transactions comprise taxes on buildings, land and income from municipal properties (rent of land and buildings, dak bungalows, gardens, road side trees and tehbazari fees).

Item No. 5 Administrative Receipts:- These comprise of all kinds of receipts from administrative services (education, medical, public health, water supply and veterinary). They exclude, however, contributions from the State Government for the purpose for administration.

Item No. 6 Revenue Grants, Contributions and Recoveries:- These are current receipts accruing from the State Government and various Committees and Boards.

Item No. 7 Income from Property and Entrepreneurship:- This record the income receivable by the Municipal Committees/Councils/Corporations from Departmental Commercial Undertakings as well as the net rent, interest and dividend accruing to them from the ownership of buildings or financial assets.

Item No. 8 Miscellaneous Receipts:- This item includes fines and penalties, birth and death registration fees, copying fees etc.

Account- II: Transactions in Commodities and Services and Transfers: Current Account of Departmental Commercial Undertakings of Municipal Committees/Councils/Corporations

The Departmental Commercial Undertakings briefly be defined as agencies producing goods and services that are not provided free of charge. The essential characteristics distinguishing these departments from other administrative departments are that they charge for what they provide according to use and are thus able to meet a part or most of their costs from their sale proceeds. In this study electricity, transport and water supply have been classified as Departmental Commercial Undertakings.

The expenditure sides of the Departmental Commercial Undertakings spell out the current expenditure into wages and salaries, commodities and services, repairs and maintenance, interest, provision for depreciation and profit which is transferred to Administrative Departments. Repairs and maintenance expenditure is shown separately because of the importance of such expenditure of the efficient working of commercial enterprises.

Account-III: Transactions in Commodities and Services and Transfers: Capital Account of Administrative Departments and Departmental Commercial Undertakings of Municipal Committees/Councils/Corporations

This Account is concerned with the total capital outlay representing physical assets and capital formation by the Administrative Departments and Commercial Undertakings of the Municipal Committees/Councils/Corporations. The savings transferred from Account I and capital grants, contributions and recoveries received by the Municipal Committees/ Councils/Corporations constitute the source of finance for all expenditure recorded in this Account. The difference between savings and capital formation and suspense account is often used in economic analysis as a measure of budgetary deficit. The surplus/deficit which is shown as balancing item in Account-III along with net increase in financial assets and liabilities in Account-IV gives the total requirements of finances of the Municipal Committees/Councils/Corporations.

Item 1.1 Buildings and Other Constructions:- This item includes all expenditure on works of buildings and reservoirs, construction of roads and pavement of streets.

Item 1.2 Machinery and Equipment:- Machinery and Equipment include expenditure incurred on the purchase of tools and plants by the Municipal Committees/ Councils/ Corporations of the State.

Item 2 Increase in Inventories:- This item represents increase or decrease in work stores and stock of goods etc. Suspense Account is included under the head ‘ Work Stores’

Receipts on Capital Account

Receipts available for capital formation consists of gross savings on Current Account brought over from Account-I and capital grants, contributions and recoveries from the State Government and other institutions.

Account-IV: Changes in Financial Assets and Liabilities: Capital Account of Municipal Committees/Councils/Corporations

This account which shows the changes in the financial assets and liabilities of the Municipal Committees/Councils/Corporations in the State is concerned with transactions in financial investment and repayment of loans and advances. The balancing item of this Account representing net financial assets and liabilities when added to the deficit in Account-III which gives the total requirements of finance of the Municipal Committees/Councils/Corporations for fixed assets formation and for the accumulation of financial claims against the rest of the economy.

Account-V: Cash and Capital Reconciliation Account of Municipal Committees/ Councils/ Corporations

This Account sums up the net position in respect of Account-III and IV showing the effect of all transactions of the Municipal Committees/ Councils/ Corporations in the State on its cash position. As stated earlier, Account-III gives the net position in respect of all the transactions in commodities and services and transfers while Account-IV brings out the net position in respect of financial assets and liabilities.

CHAPTER –V

RECONCILIATION

In this chapter an attempt has been made to reconcile the figures relating to total income and expenditure of Municipal Committees/Councils/Corporations with the revenue and expenditure as worked out by the economic classification scheme.

5.1 Reconciliation of Income

The various adjustments in the Economic Classification to arrive at the income as given in the Municipal Budgets for the years under review are spelt on in detail in the table-5.1.

Table 5.1: Income Reconciliation of Municipal Committees/Councils/Corporations Budgets in Haryana

(₹ Lakh)				
Sr. No.	Revenue	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Total Income of the Municipal Committees/Councils/Corporations Total of (# + *)	189728	153059	215510
LESS:				
2.	Sale of Commodities and Services treated as deduction of consumption expenditure (Vide item 1.2c of Acct.-I)(Exp.)	7955	2885	3468
3.	Suspense Account (Vide item 2.2 of Acct.-III)	5583	1852	3376
4.	Capital Transfers (Capital Grants and Contributions and recoveries) (Vide item 2.1 of Acct.-III)	5835	10902	22433
5.	Sale Proceeds of Departmental Commercial undertakings (Vide item 1 of Acct.-II)	10294	1819	2261
6.	Loans (Incomings) (Vide item 1 of Acct.-IV)	942	9393	1156
7.	Profit of Departmental Commercial Undertakings (Vide item 5 of Acct.- II)(Exp.)	7473	2888	2078
	Total Adjustments (#)	38082	20720	34772
	Revenue as shown in the Economic Classification (From Table 3.4) (*)	151646	132339	180738

5.2 Reconciliation Expenditure

The various adjustments in the Economic Classification to arrive at the expenditure as given in the Municipal Budgets for the years under review are spelt on in detail in the table-5.2.

Table 5.2: Expenditure: Reconciliation of Municipal Committees/Councils/Corporations Budgets in Haryana

(₹ Lakh)				
Sr. No.	Expenditure (Revenue & Capital)	2013-14	2014-15	2015-16
1	2	3	4	5
1.	Total Expenditure of Municipal Committees/Councils/Corporation	159925	148943	155793
2.	Sale of Commodities and Services Treated as deduction of Consumption Expenditure(Vide item 1.2c of Acct.- I)	7955	2885	3468
3.	Operating Expenses of Departmental Commercial Undertakings (Item 2 of table 3.7)	2821	4707	4339
	Total Adjustments (2+3)	(-)10776	(-)7592	(-) 7807
	Expenditure as shown in the Economic Classification (From Table 3.1)	149149	141351	147986

FUNCTIONAL CLASSIFICATION

CHAPTER-VI

PRINCIPLES OF FUNCTIONAL CLASSIFICATION

Economic classification groups the primary items of expenditure by their economic character while functional classification groups them according to the particular purpose they serve. It is designed to show how expenditure is divided into different types of services provided. It gives information about public expenditure devoted to a particular service or group of services, say education, health or housing and community services etc.

The functional classification excludes current expenditure on goods and services of Departmental Commercial Undertakings. These enterprises produce goods and services that are sold largely out-side the public sector. Their current expenditure on goods and services is an intermediate expenditure which represents cost of production and net expenditure on final goods and services. It may also be noted that the functional classification is not applied to receipts except to those which may be considered as offsets to expenditure on goods and services included in this type of classification such as proceeds from sale of goods and services.

All items of expenditure have been grouped under different broad functional categories. The U.N. reports i.e. “A Manual for Economic and Functional Classification of Government Transactions, 1958” and “System of National Account, 1968” serve as guidelines. The functional categories are as under:-

1. General Public Services
2. Civil Defense
3. Education
4. Medical and Public Health
5. Social Security and Welfare Services
6. Housing and Community Services
7. Cultural, Recreational and Religious Services
8. Economic Services
9. Other purposes

Economic and Functional Classification have been combined into a single two way cross-classification by significant economic and functional categories. It relates to expenditure for the year 2013-14 (Accounts), 2014-15 (Accounts) and 2015-16 (Accounts). The Table 6.1, 6.2 and 6.3 splits up horizontally the expenditure on each service for the years under review into significant economic categories. The broad divisions of economic classification are current and capital expenditure while that of functional classification are general public services, defence, education, medical and public health, social security, welfare services, housing and community services, cultural, recreational and religious services, economic services and other purposes. From this, it is very easy to see the nature of expenditure on each group of services. For example, it can be seen how much is spent on goods and services, on capital formation or for promoting education, health and water supply etc.

TABLE: 6.1
Economic and Functional Classification of Budgetary Expenditure of
Municipal Committees/Councils/Corporations 2013-14 (Accounts)

(₹ Lakh)

Current Expenditure										
Sr. No.	Name of Head	Wages and Salaries	Purchase of Goods & Services	Repair Total Maintenance	Total (3+4+5)	Less Out Side Sales	Net Consumption Expenditure (6-7)	Interests	Grants	Total Current Expenditure (8to10)
1	2	3	4	5	6	7	8	9	10	11
1.	General Public Service	16732	1462	1437	19631	10631	9000	555	-	9555
2.	Defense	-	-	-	-	-	-	-	-	-
3.	Education	99	26	39	164	-	164	-	-	164
4.	Medical&Public Health	24020	2781	591	27392	-	27392	-	-	27392
5.	Social Society and Welfare Service	-	-	-	-	-	-	-	-	-
6.	Housing& Community Service	9151	5255	20033	34439	-	34439	595	-	35034
7.	Cultural, Recreational & Religious Services	205	26	-	231	-	231	-	-	231
8.	Economic Services	2846	515	218	3579	-	3579	921	-	4500
i)	Agriculture, Forestry, Fishing & Hunting	1258	411	10	1679	-	1679	-	-	1679
ii)	Water Supply	1588	104	208	1900	-	1900	921	-	2821
9.	Other Purposes	-	-	-	-	-	-	-	-	-
10.	Grand Total	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		53053	10065	22318	85436	10631	74805	2071	-	76876

Continued.....

Concluded...

TABLE : 6.1
Economic and Functional Classification of Budgetary Expenditure of
Municipal Committees/Councils/Corporations 2013-14 (Accounts)

(₹ Lakh)

Capital Expenditure									
Loans									
Sr. No.	Name of Head	Building & Other Construction	Machinery & Equipments	Increase in Inventories (Suspense Account)	For Capital Formation	For Current Consumption	Unear-marked Investment	Total Capital Expenditure (12to17)	Grand Total* (11+18)
1	2	12	13	14	15	16	17	18	19
1.	General Public Service	1055	-	-	-	-	353	1408	10963
2.	Defense	-	-	-	-	-	-	-	-
3.	Education	14	-	-	-	-	-	14	178
4.	Medical&Public Health	9643	59	-	-	-	-	9702	37094
5.	Social Society and Welfare Service	-	-	-	-	-	-	-	-
6.	Housing& Community Service	30839	325	23731	-	-	-	54895	89929
7.	Cultural, Recreational & Religious Services	255	-	-	-	-	-	255	486
8.	Economic Services	5999	-	-	-	-	-	5999	10499
i)	Agriculture, Forestry, Fishing & Hunting	1751	-	-	-	-	-	1751	3430
ii)	Water Supply	4248	-	-	-	-	-	4248	7069
iii)	Transport Service	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
9.	Other Purposes	-	-	-	-	-	-	-	-
10.	Grand Total	47805	384	23731	-	-	353	72273	149149

* Budgetary expenditure is excluding operating expenses of Departmental Commercial Undertakings.

TABLE: 6.2

**Economic & Functional Classification of Budgetary Expenditure of
Municipal Committees/Councils/Corporations 2014-15(Accounts)**

(₹ Lakh)

Current Expenditure										
Sr. No	Name of Head	Wages and Salaries	Purchase of Goods & Services	Repair and Maintenance	Total (3+4+5)	Less Out Side Sales	Net Consumption Expenditure (6-7)	Interests	Grants	Total Current Expenditure (8to10)
1	2	3	4	5	6	7	8	9	10	11
1.	General Public Service	18540	1815	1327	21682	2885	18797	325	-	19122
2.	Defense	-	-	-	-	-	-	-	-	-
3.	Education	61	19	-	80	-	80	-	-	80
4.	Medical & Public Health	26381	6005	45	32431	-	32431	1125	58	33614
5.	Social Society and Welfare Service	-	-	-	-	-	-	-	-	-
6.	Housing & Community Service	8043	5133	3399	16575	-	16575	982	-	17557
7.	Cultural, Recreational & Religious Services	490	50	-	540	-	540	-	-	540
8.	Economic Services	1675	455	684	2814	-	2814	-	-	2814
i)	Agriculture, Forestry, Fishing & Hunting	1675	455	684	2814	-	2814	-	-	2814
ii)	Water Supply	-	-	-	-	-	-	-	-	-
iii)	Transport Services	-	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-	-
9.	Other Purposes	-	-	-	-	-	-	-	-	-
10.	Grand Total	55190	13477	5455	74122	2885	71237	2432	58	73727

Continued.....

TABLE: 6.2

**Economic and Functional Classification of Budgetary Expenditure of
Municipal Committees/Councils/Corporations 2014-15 (Accounts)**

(₹ Lakh)

Capital Expenditure									
Loans									
Sr. No	Name of Head	Building & Other Construction	Machinery & Equipments	Increase in Inventories (Suspense Account)	For Capital Formation	For Current Consumption	Unear-marked Investment	Total Capital Expenditure (12to17)	Grand Total* (11+18)
1	2	12	13	14	15	16	17	18	19
1.	General Public Service	1520	-	-	-	-	428	1948	21070
2.	Defense	-	-	-	-	-	-	-	-
3.	Education	75	-	-	-	-	-	75	155
4.	Medical & Public Health	7919	115	-	-	-	-	8034	41648
5.	Social Society and Welfare Service	-	-	-	-	-	-	-	-
6.	Housing & Community Service	35468	186	17378	-	-	-	53032	70589
7.	Cultural , Recreational & Religious Services	15	-	-	-	-	-	15	555
8.	Economic Services	1727	2793	-	-	-	-	4520	7334
i)	Agriculture, Forestry, Fishing & Hunting	958	-	-	-	-	-	958	3772
ii)	Water Supply	769	2793	-	-	-	-	3563	3563
iii)	Transport Service	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-
9.	Other Purposes	-	-	-	-	-	-	-	-
10.	Grand Total	46724	3094	17378	-	-	428	67624	141351

* Budgetary expenditure is excluding operating expenses of Departmental Commercial Undertakings.

TABLE: 6.3
Economic & Functional Classification of Budgetary Expenditure of
Municipal Committees/Councils/Corporations 2015-16 (Accounts)

(₹ Lakh)

Current Expenditure										
Sr. No	Name of Head	Wages and Salaries	Purchase of Goods & Services	Repair Total Maintenance	Total (3+4+5)	Less Out Side Sales	Net Consumption Expenditure (6-7)	Interests	Grants	Total Current Expenditure (8 to 10)
1	2	3	4	5	6	7	8	9	10	11
1.	General Public Service	24789	1697	2060	28546	3468	25078	301		25379
2.	Defense	-	-	-	-	-	-	-	-	-
3.	Education	18	-	10	28		28			28
4.	Medical & public Health	27099	3193	420	30712		30712	796		31508
5.	Social Society and Welfare Service	-	-	-	-	-	-	-	-	-
6.	Housing & Community Service	7597	4713	5527	17837	-	17837	166		18003
7.	Cultural, Recreational & Religious Services	213	190	-	403	-	403			403
8.	Economic Services	1942	325	1896	4163	-	4163	-		4163
i)	Agriculture, Forestry, Fishing & Hunting	1942	325	1896	4163	-	4163	-		4163
ii)	Water Supply	-	-	-	-		-	-		-
iii)	Transport Services	-	-	-	-	-	-	-	-	-
iv)	Electricity Services	-	-	-	-	-	-	-	-	-
9.	Other Purposes	-	-	-	-	-	-	-	-	-
10.	Grand Total	61658	10118	9913	81689	3468	78221	1263		79484

Continued....

TABLE: 6.3
Economic & Functional Classification of Budgetary Expenditure of
Municipal Committees/Councils/Corporations 2015-16 (Accounts)

(₹ Lakh)

Capital Expenditure									
Loans									
Sr. No.	Name of Head	Building & Other Construction	Machinery & Equipments	Increase in Inventories (Suspense Account)	For Capital Formation	For Current Consumption	Unear-marked Investment	Total Capital Expenditure (12to17)	Grand Total* (11+18)
1	2	12	13	14	15	16	17	18	19
1.	General Public Service	1785				214	1064	3063	28442
2.	Defense								
3.	Education	29						29	57
4.	Medical & Public Health	13748	310			188		14246	45754
5.	Social Society and Welfare Service	-							
6.	Housing & Community Service	30198	399	15140				45737	63740
7.	Cultural, Recreational & Religious Services	26						26	429
8.	Economic Services	4974	240			187		5401	9564
i)	Agriculture, Forestry, Fishing & Hunting	425						425	4588
ii)	Water Supply	4549	240			187		4976	4976
iii)	Transport Service								
iv)	Electricity Services								
9.	Other Purposes								
10.	Grand Total	50760	949	15140		589	1064	68502	147986

* Budgetary expenditure is excluding operating expenses of Departmental Commercial Undertakings.

CHAPTER-VII FUNCTIONAL CLASSIFICATION SCHEME

This chapter presents a detailed scheme for the Functional Classification of Municipal Committees/Councils/Corporations budgetary expenditure. The principles of the scheme have already been discussed in the previous chapter.

The detailed scheme which is presented in the following pages is put forward as an illustration of the classification of Municipal Committees/Councils/Corporations expenditure by purpose. It can be further expanded by introducing more programmes/activities under the main category of expenditure.

7.1: Functional Classification - Distribution of Expenditure

The Functional Classification of Municipal Committees/Councils/Corporations budgetary expenditure for the years 2013-14, 2014-15 and 2015-16 is given in table-7.1.

Table 7.1: Functional Classification –Distribution of Expenditure of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)				
Sr. No.	Name	2013-14	2014-15	2015-16
1	2	3	4	5
1.	General Public Service	10963 (7.35)	21070 (14.91)	28442 (19.22)
2.	Defence	-	-	-
3.	Education	178 (0.12)	155 (0.11)	57 (0.04)
4.	Medical & Public Health	37094 (24.87)	41648 (29.46)	45754 (30.92)
5.	Social Society and Welfare Service	-	-	-
6.	Housing & Community Service	89929 (60.29)	70589 (49.94)	63740 (43.07)
7.	Cultural , Recreational & Religious Services	486 (0.33)	555 (0.39)	429 (0.29)
8.	Economic Services	10499 (7.04)	7334 (5.19)	9564 (6.46)
i)	Agriculture, Forestry, Fishing & Hunting	3430 (2.30)	3772 (2.67)	4588 (3.10)
ii)	Water Supply	7069 (4.74)	3563 (2.52)	4976 (3.36)
iii)	Transport Service	-	-	-
iv)	Electricity Services	-	-	-
9.	Other Purposes	-	-	-
10.	Total*	149149 (100.00)	141351 (100.00)	147986 (100.00)

* Budgetary expenditure is excluding operating expenses of Departmental Commercial Undertakings.

7.2: Developmental & Non-Developmental Expenditure

Developmental and non-developmental expenditure of all Municipal Committees/Councils/Corporations comes to ₹ 147986 lakh in 2015-16, as compared to ₹ 1,41,351 lakh in 2014-15 and ₹ 1,49,149 lakh in 2013-14. Developmental expenditure has been dominating in the years under reference with a major share of 92.65 percent in 2013-14 as compared to 85.09 percent in 2014-15 and 80.78 in 2015-16. Non-developmental expenditure during ₹ 10,963 lakh (7.35%) during 2013-14 as compared to ₹ 21,070 lakh (14.91 %) during 2014-15 and ₹ 28442 (19.22 %) during 2015-16. Table-7.2 gives information regarding expenditure according to major heads and their percentages under developmental and non-developmental categories:-

Table:- 7.2 Developmental and Non-Developmental Expenditure of Municipal Committees/Councils/Corporations in Haryana

(₹ Lakh)				
Sr. No.	Heads	2013-14	2014-15	2014-15
1	2	3	4	5
A.	Development Expenditure	138186 (92.65)	120281 (85.09)	119544 (80.78)
1.	Education	178 (0.12)	155 (0.11)	57 (0.04)
2.	Medical & Public Health	37094 (24.87)	41648 (29.46)	45754 (30.92)
3.	Social Society and Welfare Service	-	-	-
4.	Housing & Community Service	89929 (60.29)	70589 (49.94)	63740 (43.07)
5.	Cultural , Recreational & Religious Services	486 (0.33)	555 (0.39)	429 (0.29)
6.	Economic Services	10499 (7.04)	7334 (5.19)	9564 (6.46)
B.	Non- Development Expenditure	10963 (7.35)	21070 (14.91)	28442 (19.22)
1.	General Public Service	10963 (7.35)	21070 (14.91)	28442 (19.22)
2.	Defense	-	-	-
3.	Other Purposes	-	-	-
10.	Total*	149149 (100.00)	141351 (100.00)	147986 (100.00)

* Budgetary expenditure excluding operating expenses of Departmental Commercial Undertakings.

CHAPTER-VIII

NOTES ON FUNCTIONAL CATEGORIES

1. General Public Services:- It includes remuneration of Head of Municipal Committees/Councils/Corporations, Executive Officer, Secretary and their supporting staff. It also covers expenditure incurred on collection of taxes on land and buildings, taxes on vehicles, animals, dogs, advertisement tax, tax on entry of goods into local areas, rents on municipal lands and building fee, building application fee, composition fee and other taxes and duties on commodities and services.

2. Defence:- No expenditure is incurred at local bodies level under this functional head. The activities relating to this head come under the Centre and State Governments.

3. Education:- This head relates to expenditure incurred on general regulation and promotion of school systems, management and support to primary schools, secondary schools and colleges, technical training institutions such as craft schools, sewing schools, anganwari centers. It includes scholarships and grants to individuals for education and training purposes. Subsidiary services such as transportation of school children, school meals and other ancillary services designed to promote and facilitate schools attendance are covered under this head of expenditure.

4. Medical and Public Health:-

(a) Medical:- It includes establishment expenses on hospitals and dispensaries, medical and dental clinics, provision of drugs and appliances and similar field programmes, charges for lunatics, antirabic treatment of paupers and outlays in respect of hospitals and dispensaries and services of individual doctors, dentists, etc.

(b) Public Health:- It includes expenditure on public health direction, municipal engineer and supporting staff, vaccination, prevention and control of malaria and other epidemic diseases, burning and burial of paupers, slaughter houses, conservancy system and prevention of food adulteration.

5. Social Security and Welfare Services:- It consists of expenditure on relief measures. It comprises of payment of funds in case of accident, injury, sickness and other benefits to compensate for the loss. Welfare services include expenditure on child welfare, homes for aged, care for disabled, contributions to family welfare agencies etc.

6. Housing and Community Services:- This head includes expenditure on promotion of activities and facilities in respect of housing and capital expenditure in connection with housing. It covers expenditure for provisions, assistance or support of

housing and slum improvement activities. It also includes, street lighting, street watering and fire brigade services, construction of public toilets and urinals, rehri/rickshaw stands, municipal booths and shops, octroi barriers and pavement of streets and drains. Disbursement of loans to employees such as safai sewaks and other low income category of people for purchase and construction of houses.

7. Cultural, Recreational and Religious Services:- It includes expenditure for upkeep of facilities such as land scaping and development of parks, dak bungalows and sarais, public libraries, play-grounds, athletic fields, swimming pools, hostels and other lodging places which are not operated on a commercial basis. Expenditure for religious purposes and contributions to religious organizations.

8. Economic Services:-

(a) Agriculture, Forestry, Fishing and Hunting:- It includes expenditure incurred on plantation or road side trees, bushing and plant protection measures. Expenditure on removal of dairies, construction of dairy sheds, etc.

(b) Water Supply:- It comprises expenditure on the schemes executed by Water Supply and Sewerage Board on behalf of Municipal Committees/Councils/Corporations. It includes expenditure on wages and salaries of staff, road cutting, water rates, water and sewerage connection charges, storm water drainage, purchase of material machinery and equipments, cost of canal water, subsidy regarding water and sewerage connection charges, repair of motors and consumer connections, repairs and renewal of pipes and hydrant installation of tube wells, construction of water tank, development of slums and expenditure on collection, purification and distribution of water. Loans given to households for installation of water and sewerage connections are also included.

(c) Transport Services:- In Haryana Transport Services has not operated by the Municipal Committees/Councils/Corporations.

(d) Electricity Service:- In Haryana Electricity Service has not been supplied by the Municipal Committees/Councils/Corporations.

9. Other Purposes:- This head includes interest payments and repayment of loans of general character which have not been classified elsewhere.
